



BLUESTONE CAPITAL PARTNERS ADVISES CIS SECURE COMPUTING IN ITS SALE TO ACORN GROWTH COMPANIES

On September 25, 2017, CIS Secure Computing, Inc. (“CIS” or the “Company”) announced the completion of its acquisition by Acorn Growth Companies (“AGC”), a private equity firm that invests exclusively in the aerospace and defense markets. Founded in 1992, CIS is a leading designer and manufacturer of highly engineered secure communications solutions that meet stringent government requirements to protect sensitive and classified information from illicit capture or manipulation. The Company supports customers across the intelligence, defense, law enforcement, diplomatic, and homeland security communities whose missions depend heavily on their abilities to communicate and exchange data in a secure manner. The Company’s ~110 employees operate out of its headquarters facility in Dulles, Virginia.



The acquisition highlights several key characteristics shared by successful sellers in today’s aerospace and defense M&A market:

- **Strong Market Leadership Position in Core Markets** - CIS derives nearly 100% of its annual revenue from the sale of products for which the Company is the sole or one of a small handful of suppliers. This strong market leadership position, combined with solid and recurring demand for the Company’s products, support a highly defensible and strong future growth story.
- **High Competitive Barriers to Entry** - CIS benefits from high competitive barriers to entry within its core markets, supported by its highly specialized and difficult-to-replicate facilities including a NSA-certified lab, as well as its extensive portfolio of proprietary designs and patented solutions. The Company’s specialized facilities, depth of engineering talent, and intellectual property portfolio significantly diminish the threat of potential competitors entering the Company’s core markets.
- **Deeply Embedded with Hard-to-Penetrate Customers** – Through its 25-year history, CIS has established deep relationships with a highly demanding and discerning customer base across the intelligence, special operations, law enforcement, and homeland security communities. The Company has leveraged its strong customer intimacy to customize unique solutions that address its customers’ unique data encryption, mobility, and Size, Weight, and Power (“SWaP”) challenges.

CIS possesses several other characteristics that attracted AGC’s interest, including a solid revenue growth track record, attractive margin profile, and strong management team. We expect companies in the aerospace and defense market that share these characteristics will continue to garner strong interest in the marketplace.

About Bluestone Capital Partners

Bluestone Capital Partners is a boutique investment banking firm that provides advisory services to middle market companies on mergers and acquisitions, divestitures, and other corporate finance transactions. Over the past two decades our principals have advised on more than 175 transactions in the aerospace, defense, and government technology and services markets, representing billions of dollars of shareholder value.

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